

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1597

ANSWERED ON:14.03.2005

INVOLVING PRIVATE PLAYERS IN FARM GOODS MARKETING

Kurup Adv. Suresh

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government has initiated any steps for involving private players in farm goods marketing;
- (b) if so, the details thereof; and
- (c) the details and purpose of the first National Spot Exchange for Agricultural Produce (NSEAP)?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a): Agriculture sector needs well-functioning markets to derive growth, employment and economic prosperity in rural areas of the country. State monopoly over agricultural markets has to be eased to facilitate greater participation of private sector and in particular to attract large investments required for the post harvest and cold chains infrastructure in the sector. State Governments have, therefore, been advised to suitably modify the laws dealing with agricultural marketing (APMC Act) to facilitate (a) development of competitive markets in private and cooperative sectors; (b) allow procurement of agricultural commodities directly from farmers' fields; and (c) to establish effective linkage between the farm production and the retail chain and food processing industries.

(b): The Ministry has taken the following steps for implementation of the proposed reforms:-

(i) The Ministry organized national Conferences with State Governments at New Delhi on 07.01.2004 and at Bangalore on 19.11.2004 to evolve a consensus on the need for reforms in the APMC Act.

(ii) The Ministry circulated a model law to the States in order to guide them in reforming the APMC Act.

(iii) The Ministry also implemented a new reform linked Central Sector Scheme on 20.10.2004 for Development/Strengthening of Marketing infrastructure, Grading and standardization. Under this scheme, assistance for development of agricultural marketing infrastructure projects will be provided in those States/UTs that amend the APMC Act on the lines suggested in the model law.

(c): The Multi Commodity Exchange of India Limited (MCX), Financial Technologies (India) Ltd., and National Agricultural Cooperative Marketing Federation of India Limited (NAFED) have entered into a joint venture for the establishment of National Spot Exchange for Agriculture Produce (NSEAP), which will permit participants all over the country to trade with each other electronically and settle their trades under the support and regulations of NSEAP. This joint venture was launched on 10th February, 2005 and the exchange is expected to commence live trading during the second half of the 2005-06.